

**Revision Date:** August 2011

**Chapter:** Compensation Review

**Impact to Page Numbers:** No

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**Summary:** pages 70, 78

**COMPENSATION EARNABLE (G.C. SECTION 20636  
AND G.C. SECTION 20636.1)**

The pay rate and special compensation of members is further defined below.

**PAY RATE**

"Pay rate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours. For purposes of this part, for classified **school** members, full-time employment is 40 hours per week, and payments for services rendered, not to exceed 40 hours per week, shall be reported as compensation earnable for all months of the year in which work is performed. "Pay rate," for a member who is not in a group or class, means the monthly rate of pay or base pay of the member, paid in cash and pursuant to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to the limitations of paragraph (2) of subdivision (e) of G.C. section 20636.

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**NOTE:**  
If in doubt as to whether an item of compensation is reportable to CalPERS, submit a copy of the memorandum of understanding, union contract, or other supporting documentation to the **Customer Account Services Division, Compensation and Employer Review Unit** ~~Employer Services Division, Compensation Review Unit~~, for a determination.

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## PAYMENT OF MEMBER CONTRIBUTIONS

A contracting public agency or school employer may pay all or a portion of the normal contributions required to be paid by members of a group or class. This is called Employer Paid Member Contributions (EPMC). If an individual is not part of a group or class, the agency must pay EPMC for the closest related group or class in order to pay EPMC for the individual. Determinations for "group of one" and closest related group are made on a case-by-case basis by the ~~Employer Services Division, Compensation Review Unit~~ **Customer Account Services Division, Compensation and Employer Review Unit**. For this option a resolution is required (see Sample A). A copy should be sent to:

### CalPERS

~~Employer Services Division  
Compensation Review Unit~~

**Customer Account Services Division  
Compensation and Employer Review Unit**

P.O. Box 942709

Sacramento, CA 94229-2709

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## PAYING AND REPORTING THE VALUE OF EPMC

Effective July 1, 1994, under G.C. section 20636(c) and California Code of Regulations Section 571 (a) (1), an employer has the option of reporting the value of Employer Paid Member Contributions (EPMC) to CalPERS as special compensation. This provision must be adopted and applied equally to everyone in a group or class of employment. If an individual is not part of a group or class, the agency must pay and report the value of EPMC for the closest related group in order to pay and report the value of EPMC for the individual. Determinations for "group of one" and closest related group are made on a case-by-case basis by the ~~Employer Services Division, Compensation Review Unit~~ **Customer Account Services Division, Compensation and Employer Review Unit**.

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Please direct your questions to:

**CalPERS**

~~Employer Services Division~~

~~Compensation Review Unit~~

Customer Account Services Division

Compensation and Employer Review Unit

P.O. Box 942709

Sacramento, CA 94229-2709

**CONVERTING EPMC TO PAY RATE IN THE  
FINAL COMPENSATION PERIOD  
(CONTRACT AMENDMENT METHOD)**

The conversion of EPMC to pay rate in an employee's final compensation period is the only conversion provision allowed in the Public Employees' Retirement Law (PERL). To contract for this provision, an employer must have a resolution on file for EPMC. This provision must be adopted and applied equally to everyone in a group or class of employment. If an individual is not part of a group or class, the agency must adopt this provision for the closest related group or class in order to convert EPMC to pay rate for the individual. Determinations for "group of one" and closest related group are made on a case-by-case basis by the ~~Employer Services Division, Compensation Review Unit~~ Customer Account Services Division, Compensation and Employer Review Unit.

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**CalPERS**

~~Employer Services Division~~

~~Compensation Review Unit~~

Customer Account Services Division

Compensation and Employer Review Unit

P.O. Box 942709

Sacramento, CA 94229-2709

For more information, contact the ~~Employer~~

~~Contact Center~~ CalPERS Customer Contact Center

at **888 CalPERS** (or **888-225-7377**).

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**FOR CALPERS USE ONLY**

**RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS – IRC 414(h)(2)**

Approved by: \_\_\_\_\_

Title: \_\_\_\_\_